



June 29, 2006

## Energy Packet

Last fall, Republicans pushed through an Energy Bill that President Bush's own Department of Energy predicted would raise gas prices, and it has.

### **Republican energy policies set records:**

- Record prices at the pump
- Record profits for Big Oil
- Record contributions from Big Oil
- Record dependence on foreign oil

### **Bush, Cheney and the Republicans continue to deliver for Big Oil, at taxpayers' expense, including:**

- Free drilling rights on public lands, costing taxpayers \$20 billion over 25 years
- \$9 billion in subsidies
- Big Six Oil companies – nearly \$30 billion in first quarter profits
- Profits for Big Oil nearly quadrupled, 2002-2005
- Record CEO benefits and pay

### **Gas prices across America have doubled, Big Oil profits quadrupled**

- Big Oil gave 84% of their campaign contributions to Republicans in the last 2 years
- Bush/Cheney got more than \$2.6 million in 2004
- More than \$70 million to Bush and his Republican Congress since 2000

### **Democrats have a new direction: Invest in the Midwest, not the Middle East**

- Investigate and punish price gouging by Big Oil
- Relief for consumers, farmers, and small businesses
- Stop billions in tax breaks, subsidies and handouts for Big Oil
- Keeping America home-owned and home grown:
  - Increase production and use of American-made biofuels
  - Increase cars and trucks that can run on ethanol
  - Make ethanol and biodiesel more available at the pump
  - Increase energy independence and create good-paying jobs in rural communities
  - Research and development to create cutting-edge technologies for biofuels

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**\*\* Sample Op-Ed \*\***

## **Democrats' New Direction: Lower Gas Prices and Energy Independence, Not More for Big Oil**

As we celebrate Independence Day and begin to start our summer vacations, it is clear that President Bush and his Rubber Stamp Republican Congress failed to address the crucial needs of all Americans. The American people have been left to pay the price for the Republicans taking our country in the wrong direction in favoring the special interests, not the people's interest. One need look no further than the skyrocketing gas prices that are weakening our economy and squeezing middle-class families to see who wins and who loses under the Republican special-interest agenda. Big Oil is reaping record profits while the American people are stuck with the bill.

Across the country and here in [STATE], Americans are paying the price at the pump for the failed Republican energy agenda that was developed in secret and written for and by the energy industry. With two oil men in the White House, it's no surprise that Big Oil got a seat at the table while the American people were left out. The price of gasoline has nearly doubled since President Bush took office, while hard-working families have seen their income fall every year of his presidency.

Last year, Exxon Mobil raked in record profits of \$36 billion, yet Republicans in Congress passed more than \$8 billion in tax breaks and subsidies for oil and gas companies instead of providing relief to consumers, small businesses and farmers. Republican policies that favor the wealthy few are causing the people of [STATE] serious hardship. The Bush Administration's own Department of Energy acknowledged that the Republican energy bill would do nothing to lower gas prices, and would in fact increase the price at the pump. It is painfully clear that the American people cannot afford President Bush and his Rubber Stamp Republican Congress. It's time for a new direction.

Democrats have been at the forefront, offering real solutions to high gas prices that protect the American people, not Big Oil. Our Innovation Agenda includes a plan to achieve energy independence within 10 years through clean, sustainable energy alternatives. Democrats will provide tax incentives to encourage increased production of home grown American-made biofuels, increase the number of flex fuel vehicles on the road, and expand the ethanol and biodiesel pumps at gas stations. This will enhance our national security through real investments in alternative fuels, so that we send our dollars to the Midwest, not the Middle East.

Democrats have also introduced legislation to rescind billions of dollars in tax breaks and subsidies for profit-rich oil companies and suspend royalty relief when prices are high. Nearly a year after Democrats introduced legislation aimed at protecting American consumers and bringing much-needed relief from record prices, Republicans have failed to outlaw price gouging by oil companies.

As we celebrate more than 200 years of freedom and independence, I am proud to join my Democratic colleagues in our fight to take our country in a new direction, one that works for everyone with lower energy prices and energy independence. Republicans have taken us in the wrong direction, leading us to record gas prices, record giveaways, record profits for oil companies and record dependence on foreign oil.

## **Republican Energy Week**

### **No Running from the Republican Out-of-Gas Energy Policy**

The Republican Leadership had declared this “Energy Week” in the House of Representatives. However, it has dwindled to merely one energy related bill that does nothing to provide relief at the pump today. It is just a ruse to cover up their failed record on energy, which has resulted in:

- Record prices for consumers -- gas prices that have remained at about \$3.00, about double the level of 2001 prices -- for the past two months;
- Record profits for Big Oil – six largest companies had nearly \$30 billion in 2006 first quarter profits, and profits for Big Oil nearly quadrupled from 2002 to 2005;
- Record contributions from Big Oil; and
- Record dependence on foreign oil, climbing to 60 percent. [EIA, 5/2006]

**This week will not reverse the wrong direction of the failed Republican energy playbook.**

- Nothing in their so-called “Energy Week” will help to bring down gas prices now, and the only measure being considered “stands no chance of surviving in the Senate.” [CQ Weekly, 6/26/06]
- Although the OCS bill ends royalty relief for certain deepwater leases, it also contains more Republican giveaways to oil and gas companies, including a significant reduction of royalties from shallow water leases and a ban on any new federal fees related to offshore and onshore mineral leases.
- The Interior Department’s Minerals Management Service (MMS) said that the language giving states a bigger share of drilling revenue could cost the federal government \$69 billion.

**Republicans have failed to enact price gouging as we head into July 4<sup>th</sup> and vacation season,** even though Democrats have been calling for tough legislation to crack down on price gouging since last fall.

- And Republicans have blocked Democratic legislation to lower prices and provide consumer relief. For example, they have rejected Democratic proposals to suspend deliveries to the Strategic Petroleum Reserve to lower prices at the pump, and to impose tough criminal penalties on price gouging companies. [House Vote # 209, 5/24/05; CQ Vote #500, HR 3402, 9/28/05. Motion rejected 195-226] [CQ Vote #517, H.R. 3893, 10/7/05, 199-222 and CQ Vote #518, H.R. 3893, 10/7/05, motion rejected 200-222]

**Republicans have rejected efforts to invest in alternative fuels.**

- House Republicans support the Bush Budget, which
  - funds renewable energy and energy efficiency at below the 2001 level, in real terms;
  - provides nearly 50 percent less for research on renewable energy than was promised in the new energy law; and
  - robs other energy programs important to energy independence to pay for the proposed increases.
- Republicans adopted a budget package that cut Renewable Energy Systems and Energy Efficiency Improvements Program created in the Farm Bill by \$20 million. [S 1932, Vote #4, 2/1/06]
- Republicans voted to block consideration of an amendment to invest \$750 million in new investments in alternative energy, innovation and energy efficiency, including
  - research to accelerate the domestic production of ethanol and biofuels derived from cellulosic feedstocks;
  - investment in longer-term, groundbreaking energy technologies – in an effort similar to DOD’s DARPA;

- energy efficiency R&D, renewable energy R&D and energy conservation. [H.R. 5427, Vote #194, 5/24/06]
- Republicans voted to block consideration of an amendment to invest \$258 million in biofuels research and other efforts to increase production of American-made biofuels, including
  - grants to expand the production of bioenergy from agricultural commodities (USDA Bioenergy);
  - develop new refineries of biodiesel; and
  - research on biofuels. [H.R. 5384, Vote #179, 5/23/06]

### **Republicans continue to deliver for Big Oil, at taxpayers' expense, including:**

- **Voting to let the oil companies keep their exorbitant profits.** House Republicans rejected a Democratic effort to accept Senate provisions in the tax bill to remove \$5 billion worth of subsidies and tax loopholes for large oil companies – including eliminating an accounting loophole for the inventory profits of big oil, repealing a write-off for expenditures to find oil and gas deposits, and closing down a loophole regarding the foreign tax credit. [Washington Post, 4/28/06; CQ Vote 109, 4/27/06; CQ Vote 121, 5/3/06]
- **Republicans enacted royalty relief totaling \$7 billion.** Oil companies stand to gain a minimum of \$7 billion and as much as \$28 billion over the next five years under an obscure provision in last year's giant energy bill pushed by Republican leadership that allows companies to avoid paying royalties on oil and gas produced in the Gulf of Mexico. [New York Times, 3/29/06]
- **Providing \$3.6 billion in tax breaks for energy companies in the 2004 law to “promote domestic manufacturing.”** ConocoPhillips, which earned \$13.5 billion in 2005, saved \$106 million last year on that provision, which reduces the corporate tax rate on profits on goods produced in the United States. [New York Times, 4/27/06]
- **Voted to protect Big Oil drilling.** While Republicans did not prevail on these matters
  - A majority (165) of Republicans voted for new offshore natural gas leasing along the Outer Continental Shelf. [H.R. 5386, Vote 170, 5/18/06]
  - A majority (152) of Republicans voted to protect royalty-free drilling by Big Oil. [H.R. 5386, Vote 167, 5/18/06]
  - A majority (128) of Republicans voted to completely eliminate the moratorium on offshore oil and gas drilling. [H.R. 5386, Vote 164, 5/18/06]

### **Democrats have a new direction for America: Invest in the Midwest, not the Middle East, to end our dependence on Middle East oil in 10 years.**

- Investigate and punish price gouging by Big Oil
- Relief for consumers, farmers, and small businesses
- Stop billions in tax breaks, subsidies and handouts for big Oil
- Make American energy home-owned and home-grown:
  - Increase production and use of American-made biofuels
  - Increase percentage of cars and trucks that can run on ethanol
  - Make ethanol and biodiesel more available at the pump
  - Increase energy independence and create good-paying jobs in rural communities
  - Fund research and development to create cutting-edge technologies for biofuels



# **Basic Facts on Rising Energy Prices**

## **Americans are paying high gas prices.**

- Families are paying \$2.87 a gallon on average for regular gasoline – nearly double the cost when Bush took office, and up 65 cents a gallon from a year ago. [EIA, 6/28/06]
- Oil prices are \$72 a barrel - nearing the record high of over \$75 a barrel in April. [EIA, 6/28/06]
- Nationwide gasoline prices will average a record \$2.76 a gallon this summer. That's up 39 cents from last summer and a nickel higher than the Energy Information Administration, forecast a month ago. [Energy Information Administration]
- Gasoline prices have been soaring at an annual rate of 69 percent so far this year. [AP, 6/14/06]

## **High energy prices are clearly hurting consumers' pocketbooks.**

- 70 percent of Americans believe that higher gas prices will cause financial hardship for them or their families, with 43 percent noting that the hardship will be serious. [[Associated Press/Ipsos Public Affairs poll](#) 5/1-5/-3]
- One-third of consumers said they are changing summer vacation plans because of higher gas prices. The percentage of Americans plan on taking a vacation within the next six months is at a 28 year low. [USA Today 6/28/06]
- Families are paying \$3,200 more than in 2001 due to rising energy costs. [Government Reform, 5/21/06]
- At an average rate of nearly \$3.00 per gallon of gas, motorists can expect to pay an additional \$572 this year for each car they own. [PR Newswire, 6/13/06]

## **Oil companies are reaping record profits.**

- In April, the country's six largest oil companies announced startling profits for the first quarter of 2006 – of about \$29 billion – four times the amount in 2002. This is on top of the \$112 billion in profits they made in 2005 – which was triple the amount in 2002.
- Even as these companies were raking in record profits, the new energy law provided at least \$4 billion in giveaways for big oil companies, while actually increasing the price of gas for consumers.

## **High energy prices are a drag on economic growth, according to Federal Reserve Chairman Bernanke and former Chairman Greenspan.**

- The Federal Reserve Chairman warned that record high energy prices pose risks to both economic growth and the inflation outlook. Through May, consumer prices have been rising at an annual rate of 5.2 percent, with evidence that energy costs are pushing up the price of other things causing more widespread inflation. Former Federal Reserve Chairman Alan Greenspan said that high energy costs are beginning to stunt economic growth.

# **House Democrats' Fight to Bring Down High Gas Prices and to Achieve Energy Independence**

Skyrocketing oil and gas prices are hurting American consumers, as well as our economy, and yet the Bush Administration has failed to act to bring down gas prices. Even worse, for the last five years, Bush Republicans have given billions of dollars in tax breaks to big oil, rather than putting us on the path to energy independence. Democrats are fighting to provide relief to the consumers, farmers and small businesses that are suffering at the hands of oil companies that continue to make record profits. We can do this by repealing the tax breaks provided in the new energy law passed last summer. Democrats are also fighting for a federal law to ensure that consumers are not the victims of price gouging when they fill up their tanks or cool their homes this summer.

More important, Democrats have an ambitious and cutting-edge plan to become independent from Middle East oil in ten years – using America's innovation and vast heartland to produce clean, renewable, affordable energy here at home.

## **Lower Energy Prices by Ending Price Gouging by Oil Companies**

- Give the Federal Trade Commission (FTC) and the Department of Justice (DOJ) authority to investigate and prosecute oil companies engaged in price gouging involving gasoline, home heating oil, or natural gas. *[H.R. 3936]*
- Empower the federal government to impose tough civil penalties – of up to triple damages of all excess profits -- on companies that have cheated consumers. Imposes tough criminal penalties of up to \$100 million on corporations, and fines of up to \$1 million and jail sentences of up to 10 years for individuals. *[H.R. 3936]*
- Ban other manipulative pricing practices by oil companies on the wholesale market. *[H.R. 3936]*

## **Bring Relief from High Energy Prices to Consumers, Farmers, and Small Businesses**

- Provide relief to families paying skyrocketing energy costs by expanding the Low-Income Home Energy Assistance Program (LIHEAP) through fines from price-gouging companies and by repealing billions in new subsidies and tax breaks for oil companies, including those enacted into law last summer which oil companies say they do not even need. *[H.R. 4479, H.R. 3936]*
- Provide relief to small businesses and farmers as they are being crushed by high energy costs, with a tax credit for each farmer of up to \$1,500, to make up for their huge energy costs and a relief program for small business to provide grants of up to \$1,500 to pay energy bills. *[H.R. 4479]*

## **Stop tax breaks and subsidies for oil and gas companies, making record profits.**

- Repeal at least \$4 billion in tax breaks, and new subsidies from the Energy Policy Act – including five new tax breaks, along with six new subsidies -- deleting outrageous provisions that would permit bigger oil companies to be considered small "independent producers" in order to get larger tax breaks, for example. *[H.R. 4479]*
- Repeal other royalty relief provisions that could save taxpayers up to \$20 billion over the next 25 years. *[H.R. 4479]*

- Repeal at least \$3.6 billion in tax loopholes for energy companies in the 2004 law to “promote domestic manufacturing,” that provided ConocoPhillips \$106 million last year, even as it enjoyed profits totaling \$13.5 billion. [*H.R.5218* , *New York Times*, 4/27/06]
- Repeal an additional \$5 billion worth of subsidies and tax loopholes for large oil companies – including eliminating an accounting loophole for the inventory profits of big oil and closing down a loophole regarding the foreign tax credit. [*H.R. 5234*]

### **Free America from Dependence on Middle East Oil in 10 years.**

- Expand American-made biofuels and other clean energy alternatives. Democrats have a plan to provide tax incentives to encourage increased production of home grown American-made biofuels, increase the number of flex fuel vehicles on the road, and expand the availability of ethanol and biodiesel pumps at gas stations. [*H.R. 5372* ]
- Increase research and development to create cutting-edge technologies for biofuels, innovative refining processes for these fuels, and new vehicle technologies so that these emerging technologies can be deployed in the next three to five years. [*H.R. 5372*]
- Create a new initiative, modeled after DARPA, to provide seed money for fundamental research needed to develop high-risk, high-reward technologies and build markets for the next generation of revolutionary energy technologies, such as those emerging from biotechnology, nanotechnology, solar, and fuel-cell research and to push promising technology into the marketplace. [*H.R. 4435*]

### **Strengthen our Nation’s Refining Supply**

- Call on the Bush Administration to investigate whether oil companies colluded to limit refinery capacity in order to increase profits.
- Establish a Strategic Refinery Reserve (SRR) patterned after the Strategic Petroleum Reserve (SPR), to ensure new refining capacity that operates at all times and can be increased during supply disruptions. The SRR would ramp up to full production when needed to provide additional supply during national energy shortages, decreasing price pressures at the pump, and would ensure that Federal fleet and military needs would be met at all times. [*H.R. 5365*]



# BUSH REPUBLICAN ENERGY POLICIES SET RECORDS: BY THE NUMBERS

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**The price of a gallon of regular gasoline has skyrocketed since President Bush took office.**

- January 17, 2001 – \$1.47 [EIA, Historical data]
- June 25, 2006 – \$2.87 [EIA, 6/26/06]
  - *An increase of 94.8%*
- Weeks in 2001 when the price of gas was above \$2 per gallon – 0 [EIA, Weekly historical data]
- Weeks in 2006 when the price of gas was below \$2 per gallon – 0 [EIA, Weekly historical data]

**Family spending on energy has risen dramatically.**

- Average household energy costs – gas, home heating, electricity and other indirect costs – in 2001: \$3,322 [House Government Reform Committee, Democratic Staff]
- Average household energy costs – gas, home heating, electricity and other indirect costs – in 2006: \$6,581 [House Government Reform Committee, Democratic Staff]
  - *Increase in annual family energy costs – 98%*

**Price of crude oil has more than doubled since 2001.**

- Price of crude oil/per barrel, January 2001 – \$29.59 [EIA, Historical data]
- Price of crude oil/per barrel, June 16, 2006 – \$69.75 [EIA, June 2006]
  - *Increase in price of crude oil between January 2001 and June 2006 – 136%*

**Big Oil has pulled down windfall profits as a result of these booming prices.**

- Amount of profits the six largest oil companies made in 2005 – \$112.7 billion
  - *Increase over the previous year's profits – 35%*
  - *Increase over 2002 profits – 229%*
- Amount of profits the six largest oil companies made in the first quarter of 2006 – \$29 billion
- Company that now holds the record for largest profits by a U.S. company in the third quarter – *ExxonMobil* [Wall Street Journal, 10/28/05]
- Amount of profits refiners received per barrel of gasoline in September 2004 – \$7 [Denver Post, 9/28/05]
- Amount of profits refiners received per barrel of gasoline in September 2005 – \$22 [Denver Post, 9/28/05]

## **American dependence on foreign oil has reached record levels**

- Number of barrels of oil and petroleum products U.S. imported in February 2001 – 326 million [EIA, 6/2006]
- Number of barrels of oil and petroleum products U.S. imported in April 2006 – 401 million [EIA, 6/2006]
  - ***Increase in imported petroleum products – 23%***
- Percent of U.S. petroleum imported from foreign countries in 2005 – 65% [EIA, 5/2006]
- Percent of U.S. petroleum imported from foreign countries in 2002 – 58% [EIA, 5/2006]

## **Republicans have failed to make energy efficiency a priority, slashing funding for research and development.**

- Amount of public benefit for each federal dollar invested in energy efficiency research & development – *\$17* [National Research Council]
- Amount of private sector investment generated by every dollar of federal investment in efficiency technologies – *\$15* [Energy Star, 2005]
- Amount Bush's 2007 budget cuts Energy Department's efficiency & conservation programs – *\$21 million*
- Decrease in funding for energy efficiency research in the Bush 2007 budget compared to 2001 appropriated funding – *56%* [CRS, 5/25/06]
- Rank of federal government in consumption of energy in the U.S. – *1* [Federal Energy Management Program]
- Amount provided to the Energy Efficient Public Building program in the Bush 2007 budget – *\$0* [Senate Energy and Natural Resources Committee]



# Impact of Rising Energy Costs

## Economic Effects

Already, rising energy prices are impacting a diverse swath of the U.S. economy and hurting hard-working Americans. These energy prices are also costing us jobs. On average, every time oil prices go up 10 percent, 150,000 Americans lose their jobs --based on the calculations of the Bureau of Labor Statistics and Federal Reserve Board. These energy price spikes are strangling economic growth. According to the Federal Reserve Chairman, "The surge in energy prices since late-2003 has significantly reduced the purchasing power of households and decreased the profits of non-energy firms, thereby restraining both consumer spending and business investment." [USA TODAY, 4/18/06]

## Airlines

With fuel increases, customers are now paying about 12 percent more for the same airline tickets they bought a year ago. [Air Transport Association]

Today's jet fuel prices are crushing. Unlike other modes of transport, airlines have no alternative to jet fuel. Since 2005, the average price of jet fuel rose approximately 45 cents per gallon, from \$1.50 to \$1.95. Fuel expenses historically ranged between 10 and 15 percent of airline operating costs, but are currently running between 20 and 30 percent. Every penny increase in the price of a gallon of jet fuel drives an additional \$199 million in annual fuel costs for U.S. airlines. [Air Transport Association]

If fuel prices continue to rise, experts predict more airline bankruptcies. That leaves airlines no choice but to raise fares, which means your summer vacation flight could include an expensive seat in the middle.

## Trucking

Among the hardest hit have been independent truckers as rising fuel prices raise the cost of running their big rigs. For many motor carriers, fuel can account for up to 25 percent of total operating expenses. [American Trucking Association] The rising cost of fuel has the potential to create a ripple effect through the economy because if prices continue to rise, eventually consumers will likely see higher costs for whatever they are purchasing that is being delivered by truck. This is significant because 80 percent of communities in the U.S. get their goods solely by truck.

A one-penny increase in the price of diesel over an entire year costs the industry an additional \$350 million a year. The trucking industry's 2006 fuel costs are expected to be \$98.3 billion. This represents a \$10.6 billion increase over 2005. [ATA]

## **Small Business**

While record energy prices have hit large corporations as well, small businesses feel a much greater impact. The latter, with their slim profit margins, have less flexibility to absorb price hikes -- or pass them along. [Business Week, 4/28/05]

Small businesses across the country have been forced to cope for more than a year with higher fuel prices, not just for their own deliveries, but for shipments of supplies and raw materials they receive. In fact, 86 percent of business owners expect a negative effect on their revenue as a result of increased gas prices with 71 percent already seeing a change. [PR Newswire, 6/17/06]

Higher energy costs are driving up the prices of the goods themselves. Locally and nationwide, businesses are forced to pass the added cost along to the customer. Some small companies that until recently sent their vans or trucks on several runs per day have been forced to cut back, sometimes to just one.

Delivery companies, cruise lines, taxis, electric utilities, garbage collectors, landscapers, pizza chains and numerous other businesses nationwide are finding it necessary to either tack on extra fees to the basic consumer price or to increase existing fuel surcharges.

## **Farmers and Rural Communities**

**Energy prices are costing farmers billions of dollars.** Retail diesel fuel prices are expected to average \$2.62 per gallon over the summer, up 21 cents from last summer. [EIA] Farmers planting crops face fuel prices 113 percent higher than they paid four years ago. Fertilizer prices, which are largely based on energy costs, are up 70 percent for the same period. Fertilizer costs for 2006 are expected to be 10 to 15 percent higher than in 2005, and fuel costs are expected to rise at least 10 percent. [Food and Agricultural Policy Research Institute, 4/19/06 [http://www.fapri.missouri.edu/outreach/publications/2006/FAPRI\\_UMC\\_Report\\_04\\_06.pdf](http://www.fapri.missouri.edu/outreach/publications/2006/FAPRI_UMC_Report_04_06.pdf)]

**With skyrocketing energy costs farmers are hurt in several different ways.** It costs more to grow and harvest crops because prices are higher for fertilizer, pesticide, fuel, and lubrication. Energy-related inputs—such as gasoline, diesel fuel, electricity, and fertilizer— make up 15 percent of farm expenses. Gasoline, diesel fuel, natural gas and propane gas power the equipment used to plant, cultivate, water, harvest and deliver crops to market. Poultry and pork producers use propane gas to keep their chicken and hog houses warm, and gasoline and diesel-powered trucks for transporting them. And it reduces the selling price and any profits from their crops, because shippers and food manufacturers are paying more for transportation and manufacturing.

**Farmers are the least able to pass on cost increases** because agriculture is so highly competitive, but higher production costs may inevitably lead to higher grocery prices for all Americans.

**High prices at the pump are particularly painful for Americans living in rural communities** because they often must drive long distances every day to get to work, drop their kids off at school, access healthcare and pick up essentials such as prescription drugs. Rural households drive 28,000 miles year on average – 15 percent more than urban Americans, and use 22 percent more fuel. [Economic Research Service/USDA, 4/06] Rural Americans should not have to wonder if they can afford groceries after facing higher prices at the pump.

## **SQUEEZING FAMILY POCKETBOOKS: AFRICAN AMERICANS AND HISPANICS STRUGGLE WITH RISING GAS PRICES**

Since President Bush took office in 2001, gas prices have nearly doubled – averaging around \$2.87 per gallon in stations across America. But while fuel prices have jumped, wages for working Americans have fallen or increased only marginally squeezing families at both ends. This is particularly true for African American and Hispanic communities which have seen a drop in family incomes and a considerable rise in the number of people living in poverty.

### **AFRICAN AMERICANS**

- Since President Bush took office in 2001, the number of African Americans living in poverty has grown by 1.4 million. [CPS, 8/05]
- Since 2004, energy prices have climbed 17 percent, while average weekly wages fell from \$525 in 2004 to \$520 in 2005. [CPI, 6/06; BLS, 1/06]
- The average median income for African American families is \$30,134 – down \$2,273 since 2000. [CPS, 8/05]
- Families in that income bracket spent \$2,905 – 10 percent of their household budget – on energy expenses in 2004. [CPS, 8/05; BLS, Consumer Expenditure Survey, 2004]

### **HISPANICS**

- Since President Bush took office in 2001, the number of Hispanics living in poverty has grown by more than one million. [CPS, 8/05]
- Since 2004, energy prices have climbed 17 percent, while average weekly wages for Hispanic workers have increased only slightly from \$456 in 2004 to \$471 in 2005. [CPI, 3/06; BLS, 1/06]
- The average median income for Hispanic families is \$34,241 – down \$2,141 since 2000. [CPS, 8/05]
- Families in that income bracket spend \$2,905 – 10 percent of their household budget – on energy expenses in 2004. [CPS, 8/05; BLS, Consumer Expenditure Survey, 2004]

## HOW TO FIND GAS PRICES FOR YOUR METRO AREA

Below are brief instructions on how to find current and historical gas prices for your community using AAA Fuel Gauge Report website.

- STEP 1:** Go to the AAA Fuel Gauge Report website: <http://www.fuelgaugereport.com/>
- STEP 2:** Using the “Select A Market” drop-down menu on the top left of the screen, select your metro area. [Example: Akron, OH]
- STEP 3:** This page will have all the metro areas for your state (*not* just the metro area you selected on the menu). Scroll down until you find the area you selected.
- STEP 4:** Each page includes price data for unleaded gas (regular, mid-grade & premium grades) and diesel gas. These prices are for today, yesterday, a month ago and a year ago. The highest recorded price for regular unleaded & diesel gas.

### [EXAMPLE]

| Akron     | Regular | Mid     | Premium | Diesel  |
|-----------|---------|---------|---------|---------|
| Current   | \$2.861 | \$3.051 | \$3.173 | \$2.929 |
| Yesterday | \$2.827 | \$3.015 | \$3.136 | \$2.930 |
| Month Ago | \$2.530 | \$2.698 | \$2.806 | \$2.700 |
| Year Ago  | \$2.093 | \$2.232 | \$2.321 | \$2.327 |

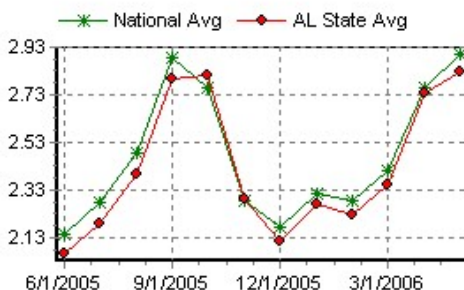
### Highest Recorded Price:

|              |         |            |
|--------------|---------|------------|
| Regular Unl. | \$3.018 | 9/3/2005   |
| Dsl.         | \$3.376 | 10/25/2005 |

## OR:

- STEP 1:** Go to the AAA Fuel Gauge Report website: <http://www.fuelgaugereport.com/>
- STEP 2:** Select “State by State Average” in the vertical menu on the far left side of page.
- STEP 3:** Scroll down and click on your state.
- STEP 4:** Each page includes statewide average price for unleaded gas (regular, mid-grade & premium grades) and diesel gas. These prices are for today, yesterday, a month ago and a year ago. The highest recorded price for regular unleaded & diesel gas. Each page also has a line chart comparing the national and state averages.

### [EXAMPLE]



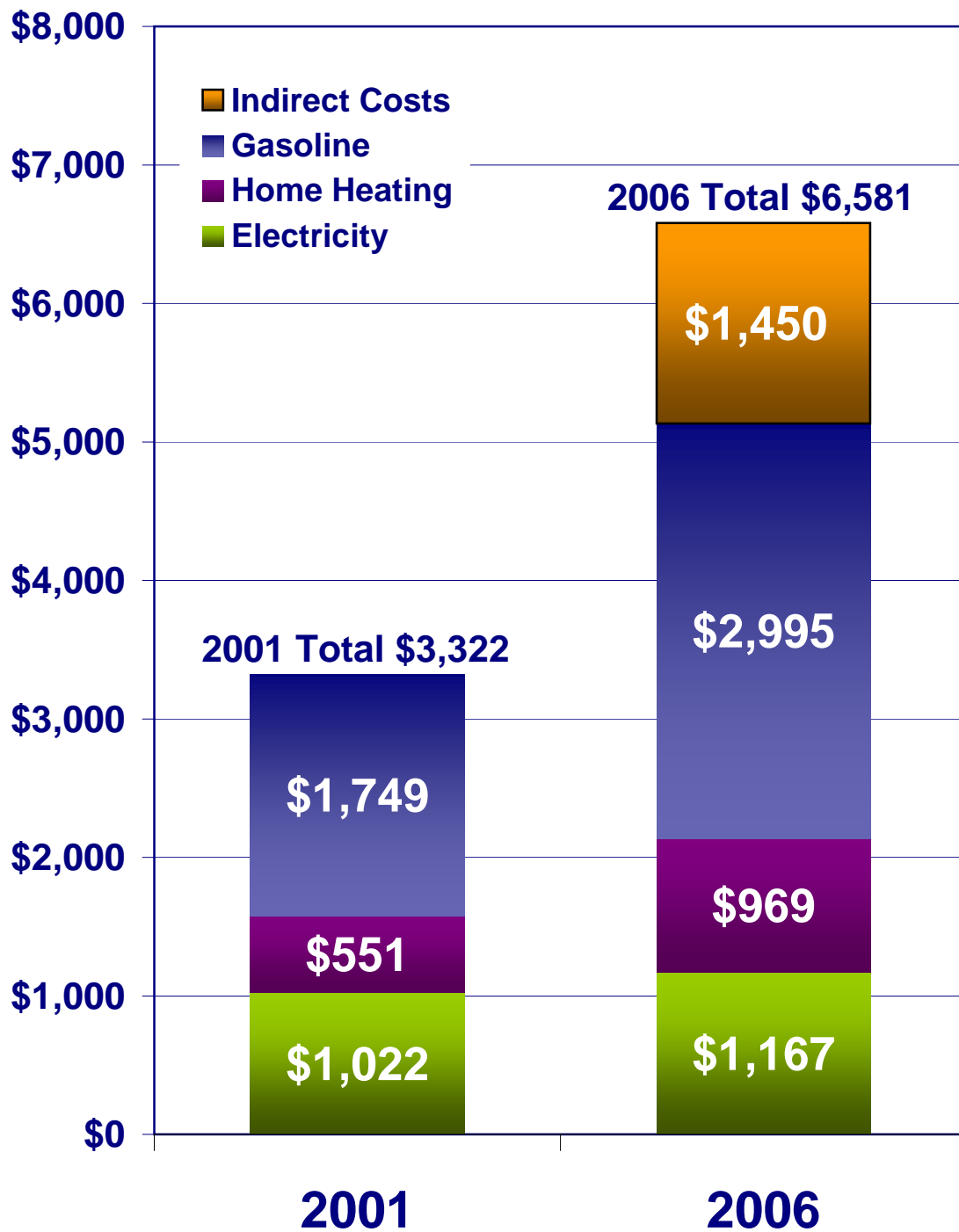
- STEP 5:** To see price information for metro areas, click on “View STATE Metro Areas”

## HIGH GAS PRICES HURTING AMERICAN FAMILIES

| State          | Regular Gas<br>6/06* | Regular Gas<br>1/01* | % More<br>Since 2001 | Vehicle Miles<br>Traveled Per<br>Capita** | Increased Cost<br>1 Driver*** | Increased Cost<br>2 Car Family |
|----------------|----------------------|----------------------|----------------------|---|-------------------------------|--------------------------------|
| Alabama        | \$2.71               | \$1.36               | 99.3%                | 12,820                                    | \$786.65                      | \$1,573.31                     |
| Alaska         | \$3.01               | \$1.66               | 81.6%                | 7,605                                     | \$468.05                      | \$936.11                       |
| Arizona        | \$2.89               | \$1.47               | 96.8%                | 9,408                                     | \$608.52                      | \$1,217.05                     |
| Arkansas       | \$2.68               | \$1.39               | 93.0%                | 11,099                                    | \$652.34                      | \$1,304.67                     |
| California     | \$3.18               | \$1.44               | 120.6%               | 9,139                                     | \$721.60                      | \$1,443.21                     |
| Colorado       | \$2.83               | \$1.46               | 93.7%                | 9,663                                     | \$600.84                      | \$1,201.68                     |
| Connecticut    | \$3.11               | \$1.52               | 104.5%               | 9,017                                     | \$650.90                      | \$1,301.80                     |
| Delaware       | \$2.95               | \$1.45               | 103.4%               | 10,992                                    | \$748.97                      | \$1,497.95                     |
| Florida        | \$2.82               | \$1.32               | 113.6%               | 10,672                                    | \$727.17                      | \$1,454.34                     |
| Georgia        | \$2.76               | \$1.21               | 128.0%               | 12,654                                    | \$890.95                      | \$1,781.89                     |
| Hawaii         | \$3.40               | \$1.78               | 91.1%                | 7,138                                     | \$525.94                      | \$1,051.87                     |
| Idaho          | \$2.90               | \$1.46               | 98.5%                | 10,563                                    | \$690.47                      | \$1,380.93                     |
| Illinois       | \$2.96               | \$1.47               | 101.1%               | 8,365                                     | \$565.00                      | \$1,130.00                     |
| Indiana        | \$2.79               | \$1.40               | 98.9%                | 11,775                                    | \$741.29                      | \$1,482.58                     |
| Iowa           | \$2.72               | \$1.43               | 90.1%                | 10,504                                    | \$615.42                      | \$1,230.85                     |
| Kansas         | \$2.75               | \$1.37               | 101.0%               | 10,473                                    | \$658.84                      | \$1,317.67                     |
| Kentucky       | \$2.75               | \$1.40               | 96.7%                | 11,444                                    | \$704.36                      | \$1,408.71                     |
| Louisiana      | \$2.73               | \$1.37               | 99.2%                | 9,658                                     | \$596.62                      | \$1,193.25                     |
| Maine          | \$2.76               | \$1.48               | 86.6%                | 11,377                                    | \$662.45                      | \$1,324.89                     |
| Maryland       | \$2.97               | \$1.45               | 104.9%               | 9,839                                     | \$680.22                      | \$1,360.45                     |
| Massachusetts  | \$2.96               | \$1.51               | 95.9%                | 8,287                                     | \$545.42                      | \$1,090.85                     |
| Michigan       | \$2.85               | \$1.42               | 100.4%               | 9,964                                     | \$645.86                      | \$1,291.71                     |
| Minnesota      | \$2.83               | \$1.57               | 80.4%                | 10,870                                    | \$623.52                      | \$1,247.03                     |
| Mississippi    | \$2.71               | \$1.40               | 93.4%                | 12,685                                    | \$754.19                      | \$1,508.38                     |
| Missouri       | \$2.68               | \$1.38               | 93.8%                | 12,016                                    | \$707.32                      | \$1,414.64                     |
| Montana        | \$2.82               | \$1.49               | 89.3%                | 11,430                                    | \$690.99                      | \$1,381.98                     |
| Nebraska       | \$2.80               | \$1.46               | 91.9%                | 10,825                                    | \$660.35                      | \$1,320.69                     |
| Nevada         | \$3.00               | \$1.59               | 88.9%                | 8,266                                     | \$531.28                      | \$1,062.55                     |
| New Hampshire  | \$2.87               | \$1.48               | 94.0%                | 9,865                                     | \$623.72                      | \$1,247.43                     |
| New Jersey     | \$2.89               | \$1.35               | 114.3%               | 8,142                                     | \$571.05                      | \$1,142.10                     |
| New Mexico     | \$2.94               | \$1.42               | 106.8%               | 12,285                                    | \$846.53                      | \$1,693.07                     |
| New York       | \$3.05               | \$1.43               | 113.2%               | 6,945                                     | \$511.12                      | \$1,022.24                     |
| North Carolina | \$2.76               | \$1.38               | 99.9%                | 11,165                                    | \$699.84                      | \$1,399.68                     |
| North Dakota   | \$2.83               | \$1.56               | 81.3%                | 11,569                                    | \$666.79                      | \$1,333.59                     |
| Ohio           | \$2.76               | \$1.48               | 86.3%                | 9,444                                     | \$548.17                      | \$1,096.35                     |
| Oklahoma       | \$2.67               | \$1.31               | 103.9%               | 13,090                                    | \$809.76                      | \$1,619.53                     |
| Oregon         | \$2.98               | \$1.51               | 97.2%                | 9,819                                     | \$655.20                      | \$1,310.40                     |
| Pennsylvania   | \$2.81               | \$1.43               | 96.4%                | 8,470                                     | \$530.90                      | \$1,061.81                     |
| Rhode Island   | \$2.97               | \$1.52               | 95.1%                | 7,611                                     | \$499.92                      | \$999.85                       |
| South Carolina | \$2.62               | \$1.32               | 98.7%                | 11,514                                    | \$681.94                      | \$1,363.88                     |
| South Dakota   | \$2.82               | \$1.50               | 88.1%                | 11,167                                    | \$671.05                      | \$1,342.10                     |
| Tennessee      | \$2.68               | \$1.35               | 98.6%                | 11,769                                    | \$712.03                      | \$1,424.06                     |
| Texas          | \$2.78               | \$1.33               | 108.8%               | 10,148                                    | \$667.47                      | \$1,334.95                     |
| Utah           | \$2.90               | \$1.35               | 114.4%               | 10,605                                    | \$744.76                      | \$1,489.53                     |
| Vermont        | \$2.77               | \$1.48               | 87.4%                | 15,694                                    | \$922.40                      | \$1,844.80                     |
| Virginia       | \$2.79               | \$1.39               | 100.6%               | 10,619                                    | \$675.27                      | \$1,350.54                     |
| Washington     | \$3.06               | \$1.49               | 105.2%               | 9,026                                     | \$643.28                      | \$1,286.55                     |
| West Virginia  | \$2.82               | \$1.40               | 101.1%               | 11,102                                    | \$714.59                      | \$1,429.17                     |
| Wisconsin      | \$2.93               | \$1.54               | 90.2%                | 10,797                                    | \$681.65                      | \$1,363.31                     |
| Wyoming        | \$2.78               | \$1.35               | 106.1%               | 18,061                                    | \$1,175.60                    | \$2,351.19                     |

SOURCES: \*Price per gallon, AAA Fuel Gauge Report; \*\*Highway miles traveled, 2002. U.S. Department of Transportation, Federal Highway Administration, Highway Statistics, annual editions, available at <http://www.fhwa.dot.gov/ohim/ohimstat.htm> as of Dec. 1, 2003; U.S. Department of Commerce, U.S. Census Bureau, Population Division, table ST-EST2002-ASRO-01 available at <http://eire.census.gov/popest/estimates.php> as of Dec. 1, 2003; \*\*\*Cost per driver is based on national average gas mileage (22 MPG) according to the EPA.

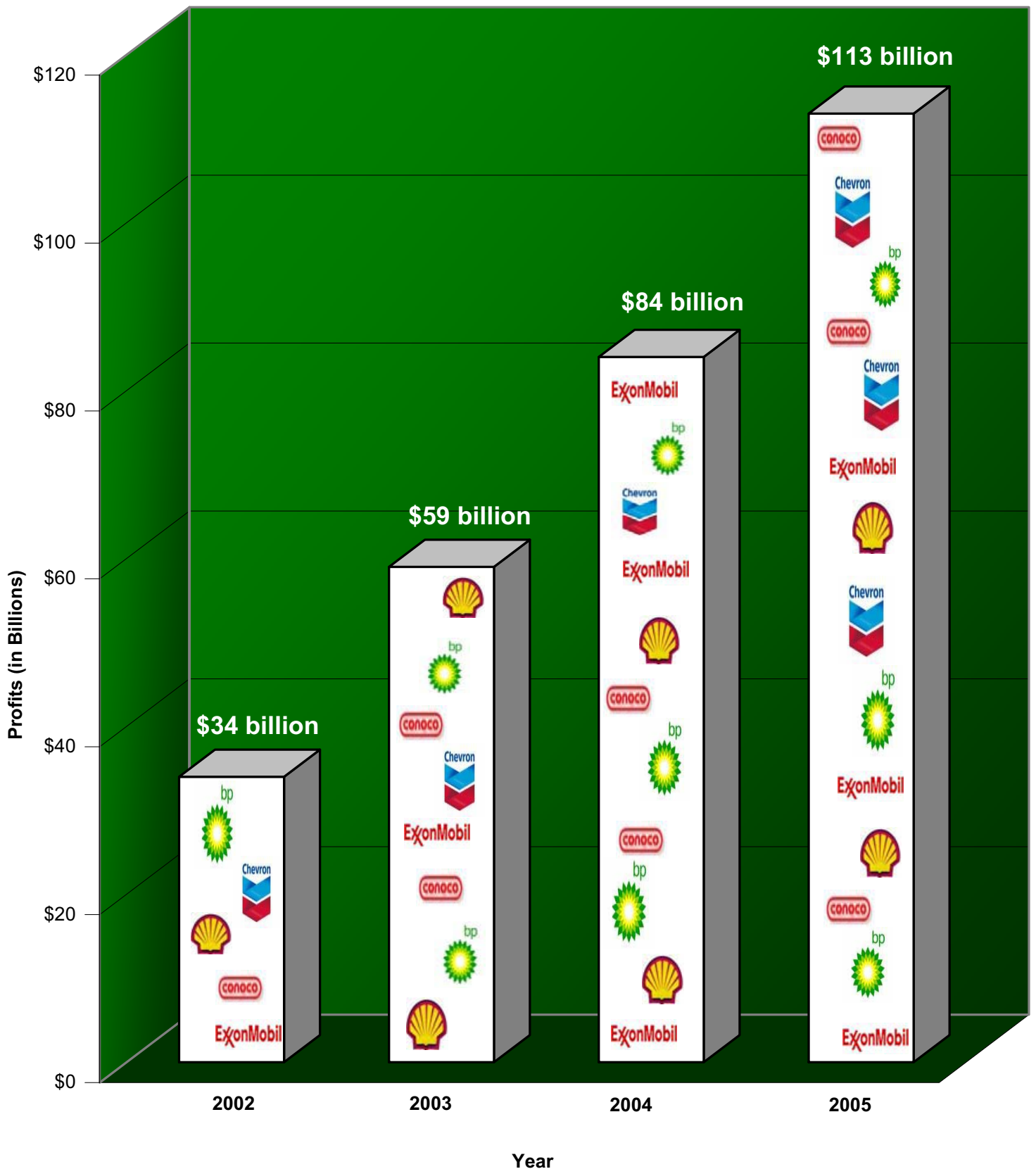
## Americans Pay the Price for Failed Bush Republican Energy Policy



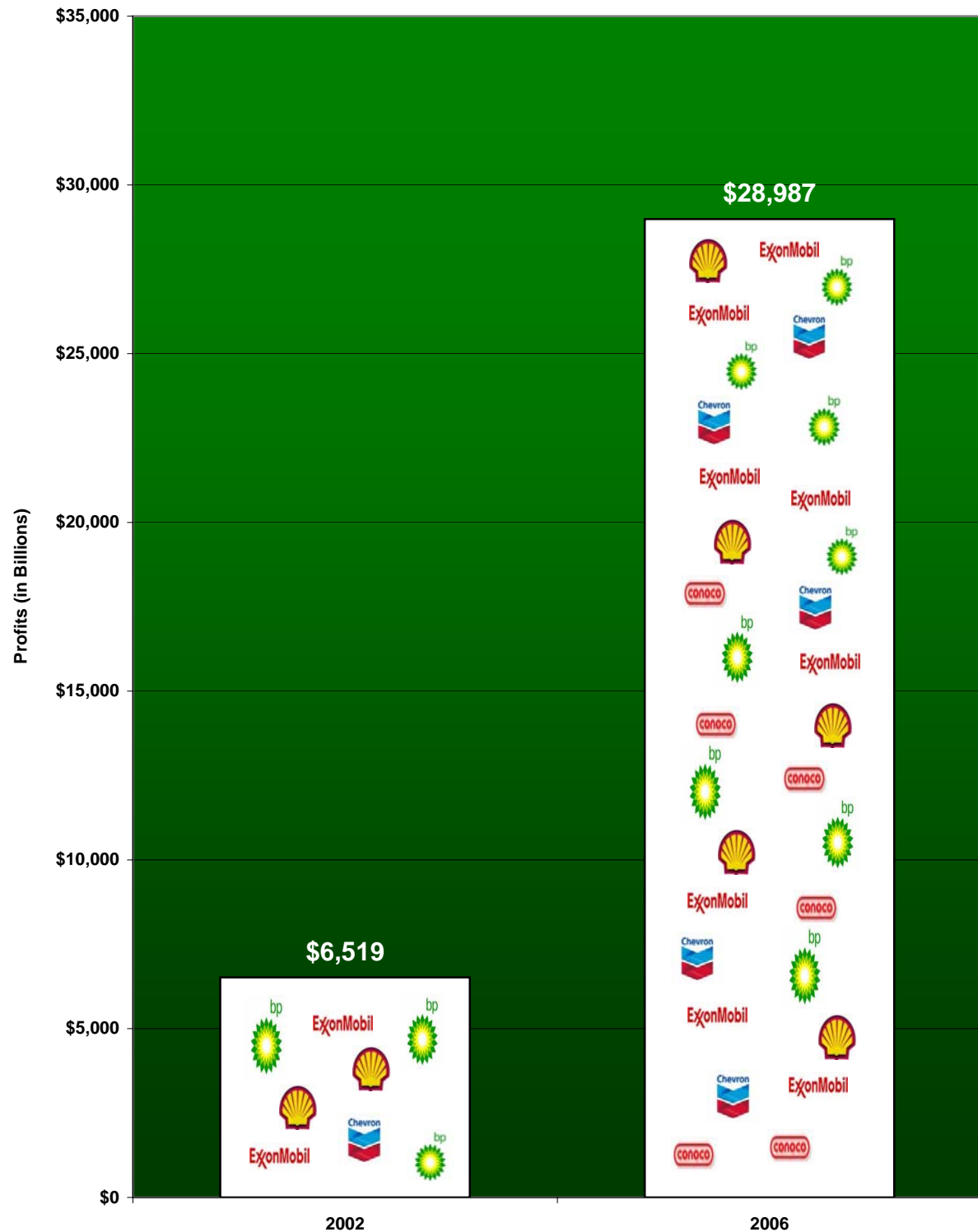
Source: Report by Government Reform Committee – Democratic Staff



# Oil Companies Reap Record Profits

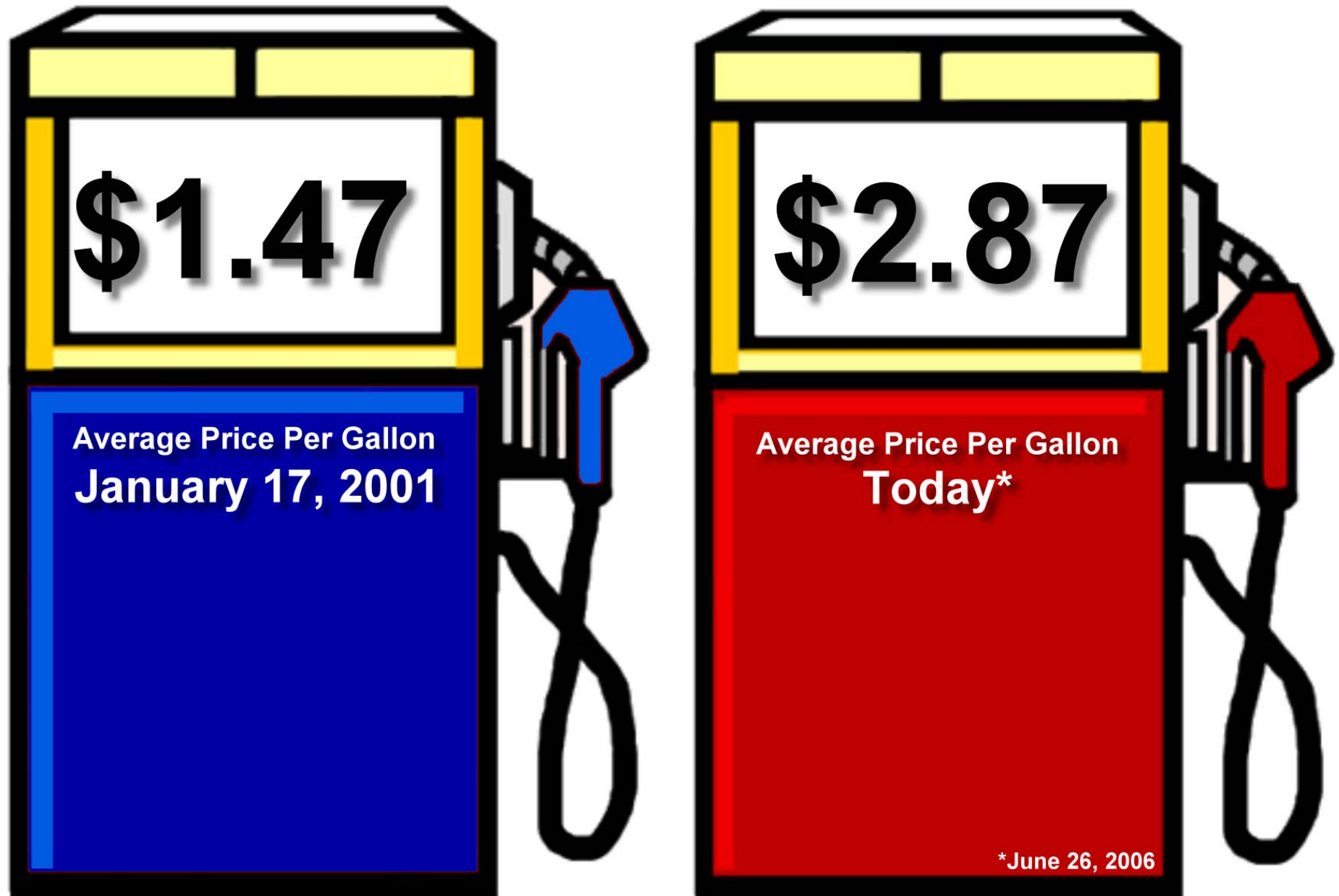


# 2006: Another Record Year for Oil Company Profits (1st Quarter Profits)



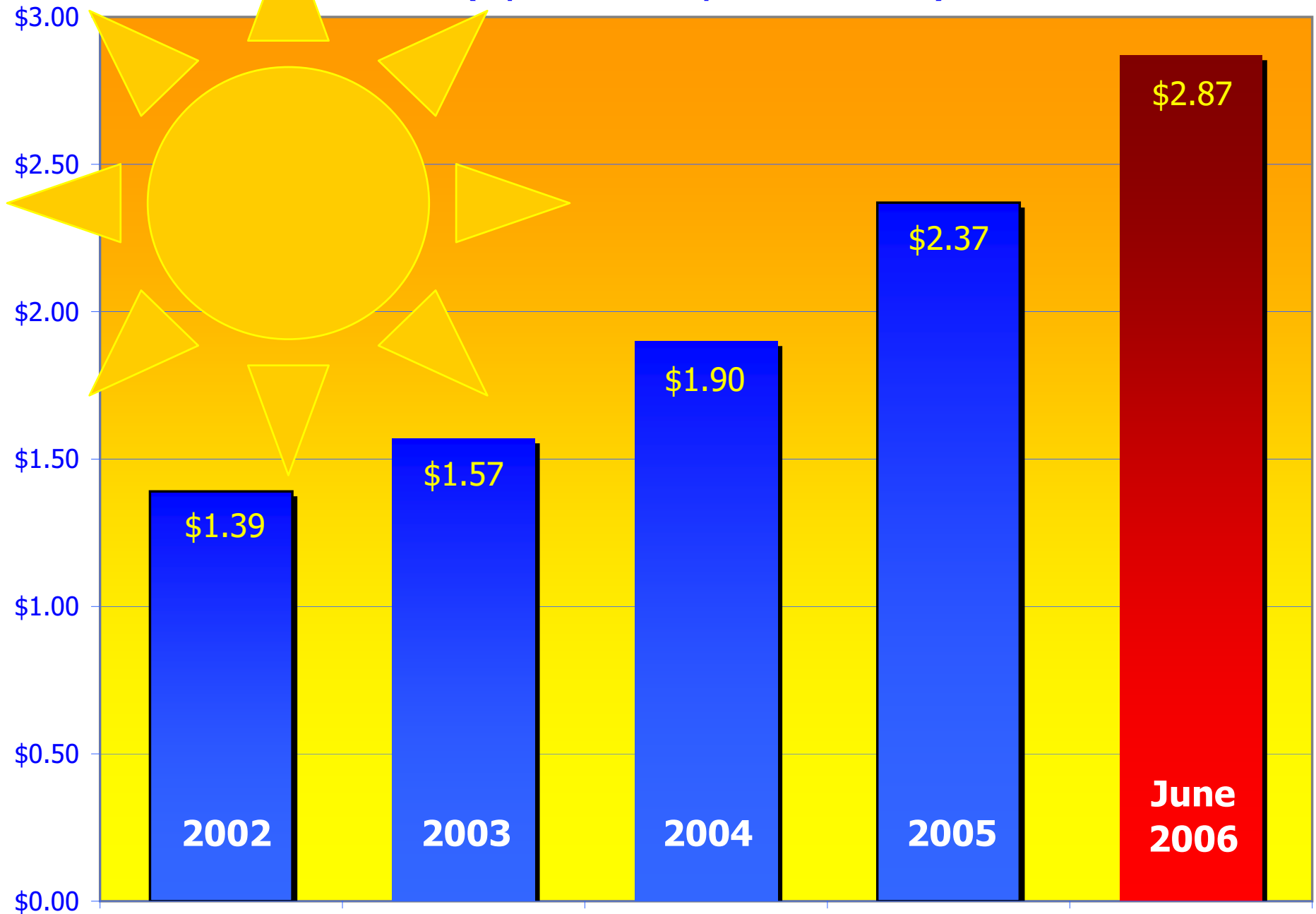
# Americans Are Paying Nearly Double For Gas Than When President Bush First Took Office

While the Republican Rubber Stamp Congress passed two energy bills costing taxpayers billions in giveaways to big oil companies

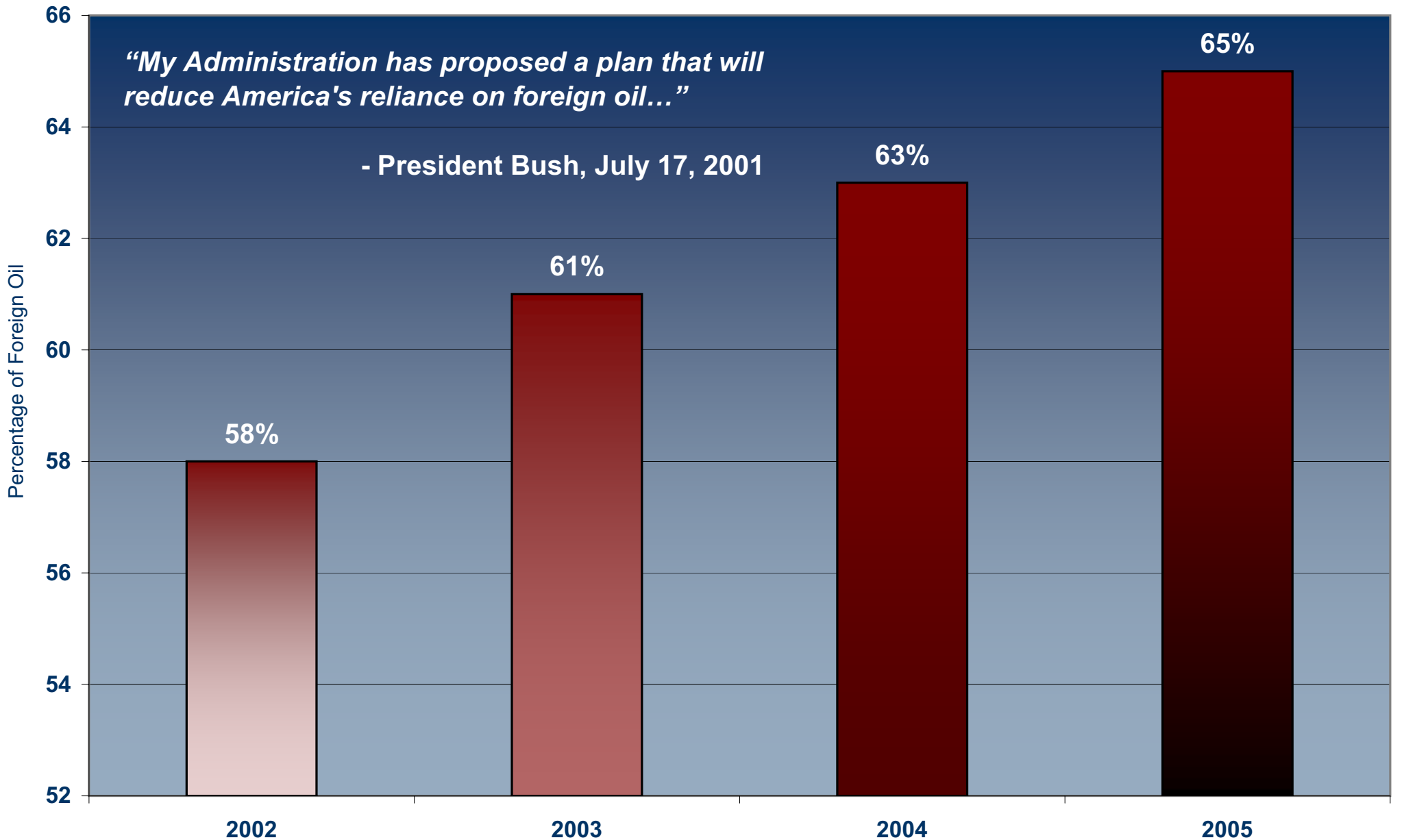


# Summer Gas Prices

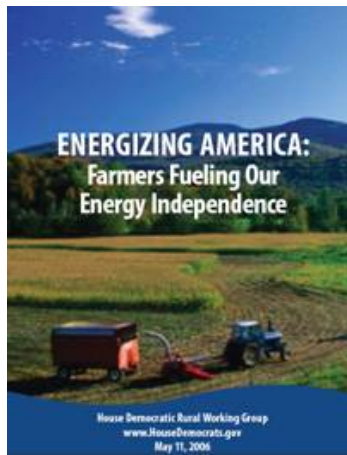
(April 1 - September 30)



# Record Dependence on Foreign Oil Under the Bush Administration



Source: Energy Information Administration



## **ENERGIZING AMERICA (HR 5372)**

### **The Bioenergy Innovation, Optional Fuel Utilization, and Energy Legacy (BIOFUEL) Act of 2006**

**To cosponsor contact office of Stephanie Herseth at 225-2801**

#### **AMERICAN OWNED and HOME GROWN**

“The energy challenges facing our nation are real, but Americans are ready to meet the challenge,” said *House Democratic Leader Nancy Pelosi*. “The answer is right here at home. From corn in the Midwest, to soybeans in North Carolina, to sugar beets in Minnesota, we grow the crops that can be converted into the biofuels that power our cars. It is good for the environment, good for our economy, and it is good for our farmers.”

#### **STRENGTHENING OUR NATIONAL SECURITY**

“This plan is home-grown and American owned,” said *House Democratic Caucus Chairman James E. Clyburn*. “It severs the ties to foreign imports and puts American production and growth first. It provides a stark contrast to the Republican plan that I call the methadone treatment for oil dependency—replace the addiction to foreign oil with an addiction to foreign ethanol.”

#### **LEADING THE PATH FROM FARM TO FAMILY**

“The legislation we are introducing today sets a path to energy independence for the United States that is fueled by our nation’s rural communities,” said *Agriculture Committee Ranking Democrat Collin C. Peterson (D-MN)*. “The Rural Working Group’s proposal includes practical solutions that will expand ethanol and biodiesel production and will make sure that Americans can find flex-fuel vehicles at auto dealerships and biofuels at local gas stations.”

#### **INVESTING IN AFFORDABLE ENERGY**

“Rural Americans are being hit particularly hard by high gas prices,” said *Rep. Bob Etheridge (D-N.C.), co-Chair of the Rural Working Group*. “However, our farmers and our economy stand to benefit from this crisis if we make a commitment to change the way we get our fuel. The answer to our fuel crisis is growing in our fields. By investing in biofuels, we are not only making energy more affordable, we are also investing in rural America. Every dollar we invest in domestic biofuel production is a dollar that stays in America and creates good-paying jobs. It’s a win-win situation for America.”

#### **CREATING JOBS FOR AMERICAN FAMILIES**

*Rep. Stephanie Herseth (D-SD), co-Chair of the House Rural Working Group*, said, “Renewable biofuels like ethanol and biodiesel are not only a key way to reduce our dependency on foreign oil and strengthen our national security, but they represent an investment in the future of rural America. As patriotic Americans, we can be part of the solution to one of the biggest problems facing our country by making ourselves energy independent, and in the process, we can preserve our way of life in rural America.”

FOR IMMEDIATE RELEASE  
June XX, 2006

CONTACT: NAME  
PHONE

## **Rep. [NAME] Supports America's Farmers Leading the Way to Energy Independence**

WASHINGTON, D.C. – Today, Rep. [NAME] announced his/her support for the Democratic Rural Working Group's plan, Energizing America: Farmers Fueling America's Energy Independence, to invest in America's renewable natural resources and lead our nation to energy independence.

"The challenge of the energy crisis to America is real. Families here in [STATE ] consume [# million] gallons of gasoline per day. But with American innovation and know-how and a real investment in rural America, we can achieve energy independence from Middle East oil in the next 10 years.," Rep. [NAME] said. "That is why I strongly support the Democratic Rural Working Group's energy plan."

The plan provides tax incentives to encourage increased biofuels production, expands the ethanol and biodiesel pumps at gas stations, and increases the number of "flex-fuel" vehicles on the road. It includes investments in biofuels research and seeks new ways to turn farm products – such as switchgrass and woodchips – into a renewable fuel source for the American people. And it provides federal incentives to independent, locally-owned facilities that produce biofuels improving our rural communities.

"American farms abound with crops that can be used to fuel our cars and trucks – from corn to soybeans to switchgrass. This can be done. Here in [STATE] [#ethanol] gallons of the fuel used contained ethanol –fuel from our own heartland. And [#] Alternative Fuel vehicles already on the road," said Rep. [NAME]. "It simply doesn't make sense to depend on foreign energy sources when we can control our own supply through homegrown renewable fuels."

"But Republicans in Washington have their heads in the sand about – talking about importing ethanol from foreign countries and passing billions in giveaways to big oil companies ," Rep. [NAME] added.

"Not only will a strong American-made biofuels industry provide a stable source of fuel, but it will have the added benefit of creating good-paying jobs in rural America."

"Democrats know the answer to this problem lies right here at home – not across the world. Investing in America will lead us to energy independence."

# # #

## **H.R. 5372, the BIOFUEL Act: Energizing America: Farmers Fueling our Energy Independence**

The energy challenges facing our nation are significant, but the answer to this problem is right here at home. America's farmers can fuel our independence from Middle East oil, in the next 10 years. From corn-based ethanol in the Midwest and biodiesel from soybeans in North Carolina, to cellulosic ethanol from switchgrass across the country, American-made biofuels can power our vehicles.

The U.S. is expected to import 60 percent of the petroleum we use in 2025. America's dependence on foreign oil threatens our security, economy and environment.

H.R. 5372 will make a pivotal change in our nation's energy policy by developing an infrastructure and incentive system for American-made alternative fuels.

### **Increase the Use of American-Made Biofuels**

Actual domestic biofuels production will far exceed the levels required under current law. H.R. 5372 takes a bold approach to strengthening our nation's commitment to biofuels by increasing the percentage of renewable transportation fuel that we use in the United States - until we reach 20 percent in 2015.

Our aggressive approach is forward thinking in that it will require a significant portion of the renewable fuels we use come from domestic sources that are not yet commercially available or widely used, but under development. Biofuels production from cellulosic sources such as switchgrass and woodchips, as well as biodiesel, will be possible through sustained investment in research and development of new technologies.

### **Expand Investment in Biofuels Research and Development**

Increasing investment in research and development is crucial to creating cutting-edge technologies that allow us to develop clean, sustainable energy alternatives.

H.R. 5372, provides additional resources for biofuels research to make ethanol production more efficient and environmentally sound. By developing new refining processes for turning other farm products, such as switchgrass and woodchips into biofuels, and fostering new vehicle efficiency technologies, including fuel-cells and electric hybrids, this emerging renewable energy source will end our dependence on foreign oil.



## **Accelerate the Distribution and Expands the Market for Biofuels**

Through new incentives and requirements, H.R. 5372 aggressively increases the number of “flex-fuel” vehicles on our roads that can run on a blend of 85 percent ethanol (E-85) and makes biofuels more readily available to consumers at gas stations across the country.

Automakers in Detroit are embarking on aggressive marketing campaigns to promote the purchase of more flex-fuel vehicles. There are already 5 million flex-fuel vehicles on the road today, and H.R. 5372 ensures that this number continues to increase. Under this bill, 75 percent of all cars made in America would be flex-fuel in seven years.

While increasing the number of vehicles that can run on E-85 is an important step, it is virtually useless unless E-85 and biodiesel is available at gas stations from coast to coast to fuel these vehicles.

We will make this a reality by providing tax credits for up to 30 percent of the cost of installing E-85 pumps for the next three years, and then increasing this to cover 50 percent of the cost until 2015. In addition, when market penetration of flex-fuel vehicles reaches 15 percent within a geographic region and the commercial availability of E-85 is established, petroleum retailers must install E-85 pumps at their retail facilities, beginning with the largest retailers.

## **Local Domestic Ownership**

Biofuels have grown to be one of the most successful economic drivers in rural America today. As biofuels production grows, there is a concern that large oil companies and agribusiness will seek to monopolize production. Ensuring a domestic, diverse ownership of production will lead to adequate competition in the market and drive increased production, while benefiting rural communities.

This legislation is critical to providing incentives to smaller ethanol and biofuel plants so that independent, locally-owned facilities that produce biofuels can grow and thrive, improving our rural economies.

Through increased access to low interest renewable energy bonds, access to preferential financing and tax credits we will encourage local, rural ownership of biofuel manufacturing facilities.

# **Support for Democratic Rural Working Group's *Energizing America Plan***

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The Democratic Rural Working Group's plan to *Energize America* by investing in renewable natural resources and lead our nation to energy independence has received wide support from public interest groups across the nation.

The plan increases the production of American-made biofuels, expands ethanol and biodiesel fuel pumps across the country, and increases the number of "flex-fuel" vehicles on the road. And it provides federal incentives to encourage independent, locally-owned facilities to produce biofuels and improve our rural communities.

## **National Corn Growers Association**

"Corn growers are happy to see Congress continue its efforts to put our nation's energy security as a priority. The House Democrats Rural Working Group plan is an ambitious one that would continue to grow our domestic ethanol industry."

– *Bruce Noel, chairman of NCGA's Ethanol Committee*  
May 12, 2006

## **National Farmers Union**

"This legislation will strengthen our country's national security and allow producers to receive a fair price from the marketplace for their products. Agriculture is ready to be part of the solution to our energy crisis and curb our addiction to foreign oil."

– *Tom Buis, NFU President*  
May 11, 2006

## **American Corn Growers Association**

"[The Democrats' plan] will help our nation to achieve the goals set forth by President Bush in his State of the Union Address for 'an energy independent America.' As patriotic Americans, we much prefer this approach to expanding domestic production of biofuels over other plans to help import ethanol from foreign countries...The time to advance America's energy independence is at hand and there is no time to wait."

*Larry Mitchell, ACGA's Chief Executive*  
May 12, 2006

## **League of Rural Voters**

"The Democratic Rural Working Group's *Energizing America* is a common-sense plan for energy security that holds great promise for Rural America. The proposal would increase the production and consumption of American-made biofuels and encourage local domestic ownership...By investing in home-grown, renewable energy, the plan reduces our dependency on foreign oil and strengthens our domestic farm and rural economy. This is a win-win policy that will lead to a more secure America."

# Questions and Answers

## **Can this initiative really lead us to energy independence?**

Americans are already turning biofuels into a reality. There are currently 101 ethanol plants located in 19 states across the country. With the 34 plants currently under construction coming online and 7 plants expanding in California and other regions, the United States is on its way to surpassing Brazil as the world's largest ethanol producer. Current annual ethanol production of 4.6 billion gallons is expected to grow to 8 billion in 2008. Nearly one-half of these plants are farmer owned. Ethanol production is rising, not only in the Midwest, but in places such as Tennessee and Colorado.

Great strides are also being made in U.S. biodiesel use and capacity. Last year 75 million gallons of biodiesel was sold in America. That number is expected to substantially increase as the 65 plants in existence today are joined by the 50 currently under construction from California to New Hampshire to North Carolina.

Expanding the market for and distribution of biofuels puts us on a path to energy independence. Today there are 5 million flex-fuel vehicles, which can run on both traditional gasoline and ethanol (E-85) on the road. While this is less than 3 percent of vehicles, the Big Three automakers have committed to increasing that number significantly - through incentives our bill will ensure that 75 percent of all cars made in America would be flex-fuel in seven years. We will also increase the number of gas stations offering ethanol (E-85) and biodiesel so that fuel is available to consumers at the pump.

Research and development is needed to create cutting-edge technologies for biofuels, including new refining processes and new vehicle technologies -- so that this emerging renewable energy source will be successful in ending our dependence on foreign oil.

## **How will this impact rural America?**

This proposal is critical to spurring economic growth and jobs in our rural communities. In 2005, the ethanol industry supported the creation of more than 153,725 jobs in all sectors of the U.S. economy, boosting U.S. household income by \$5.7 billion. [Contribution of the U.S. Ethanol Industry to the Economy of the U.S. in 2005, Report for the Renewable Fuels Association]

## **How much ethanol is used right now? Where can I buy ethanol?**

In the United States, one out of every eight gallons of gasoline sold contains ethanol. Most of this ethanol is purchased as blends of 10 percent ethanol and 90 percent gasoline, known as E10, and is used as an octane enhancer to improve air quality.

Of the 170,000 gas stations nationwide, 774 sell E-85 a blend of gasoline and 85 percent ethanol [National Ethanol Vehicle Coalition]. A few states, such as Illinois and Minnesota, have a fair number of ethanol stations, but in most places they are scarce. That is why the Rural Working Group biofuels bill provides incentives for stations to expand the availability of biofuels across the country.

## **How much biodiesel is used right now? Where can I buy biodiesel?**

Today biodiesel is available in all 50 states. The domestic biodiesel industry is expanding at an exponential rate. Production of biodiesel fuel has grown from 500 thousand gallons in 1999, to more than 150 million gallons projected in 2006.

## **Aren't there serious difficulties in converting other products to fuel?**

Beyond improving corn yields, the greatest hope for ethanol lies with refining technology that can produce the fuel from other renewable resources, such as straw, switchgrass or corn stover – known as cellulosic ethanol. It's estimated about 30 percent of gasoline consumption could be displaced if the nation fully developed the potential of cellulosic ethanol. Alan Greenspan cited rapidly achieving full-scale cellulosic ethanol production, as one of the best immediate targets for reducing petroleum demand, which he said was an imperative goal. [Des Moines Register, 6/12/06]

There is already a pilot commercial cellulosic plant operating in Canada (Iogen), with another one having broken ground in Spain (Abengoa) and several others on paper in America. However, we must increase investment in research and development for advanced technologies to reduce the cost and improve the efficiency of cellulosic ethanol production so that the progress being made abroad can become a reality here at home.

## **Won't this just be a handout to big agricultural companies?**

No. Virtually all of the tremendous growth in the biofuels industry in recent years has come from small, rurally owned facilities. Moreover, this bill will encourage local domestic ownership of biofuel production facilities. Nearly one-half of biofuel refineries are farmer-owned, and we want to build on that. The Rural Working Group plan provides federal incentives to smaller ethanol and biofuel plants, so that independent, locally-owned facilities that produce biofuels can grow and thrive, improving our rural communities.

## **Are there environmental benefits to biofuels?**

Analysts at the Agriculture Department recently concluded that ethanol offered a substantial gain for the environment, producing energy savings that are 67 percent greater than the energy needed to produce ethanol. [NYT, 6/25/06] The Argonne National Laboratory estimates that greenhouse-gas emissions from cars driving on E85 are 20 percent lower than those using gasoline.

A 1998 biodiesel study, by the Department of Energy and the Department of Agriculture, concluded biodiesel reduces net CO<sup>2</sup> emissions by 78 percent compared to petroleum diesel. This is due to biodiesel's closed carbon cycle. The CO<sup>2</sup> released into the atmosphere when biodiesel is burned is recycled by growing plants, which are later processed into fuel.

## **How much will this cost? How are you going to pay for it?**

We are not certain of the costs yet, but this investment is crucial to weaning our country from its addiction to foreign oil. And as a key priority for our energy security and our commitment to rural America, we must make room for it in the budget.

And to pay for this we can take back some of the billions in subsidies given to the oil companies. For example, America can require oil companies to pay their fair share for drilling off the coast of America, which would save taxpayers as much as \$20 billion over the next five years. According to the Government Accounting Office, the U.S. has spent more than \$130 billion over the last 32 years in government subsidies to the oil industry. [GAO/RCED-00-301R]

# ENERGY AND RURAL AMERICA:

## Alternative Fuel Autos, Gas Consumption, and Ethanol-Blended Fuel Usage

| STATE          | Alternative Fuel Autos,<br>2005* | Gas Consumption<br>(gallons per day), 2002*** | Ethanol-Blended Fuel Use<br>(gallons per year), 2004** |
|----------------|----------------------------------|---|--|
| Alabama        | 140,407                          | 7.1 million                                   | 313,837,000  |
| Alaska         | 34,476                           | 700,000                                       | 3,209,000  |
| Arizona        | 145,438                          | 7.0 million                                   | --   |
| Arkansas       | 89,080                           | 3.9 million                                   | --   |
| California     | 630,800                          | 42.5 million                                  | 15,779,408,000   |
| Colorado       | 164,148                          | 5.7 million                                   | 840,135,000  |
| Connecticut    | 67,593                           | 4.3 million                                   | 1,590,629,000  |
| Delaware       | 24,905                           | 1.1 million                                   | --   |
| DC             | 4,574                            | 500,000                                       | --   |
| Florida        | 463,877                          | 21.6 million                                  | 552,000  |
| Georgia        | 238,872                          | 13.4 million                                  | --   |
| Hawaii         | 25,302                           | 1.2 million                                   | --   |
| Idaho          | 72,197                           | 1.8 million                                   | --   |
| Illinois       | 288,008                          | 14.1 million                                  | 4,215,207,000  |
| Indiana        | 162,332                          | 8.5 million                                   | 1,480,385,000  |
| Iowa           | 99,599                           | 4.4 million                                   | 1,167,313,000  |
| Kansas         | 84,444                           | 3.3 million                                   | 43,295,000   |
| Kentucky       | 101,164                          | 5.8 million                                   | 302,696,000  |
| Louisiana      | 149,023                          | 6.3 million                                   | 1,793,000  |
| Maine          | 28,289                           | 1.9 million                                   | --   |
| Maryland       | 147,750                          | 7.0 million                                   | 3,033,000  |
| Massachusetts  | 118,028                          | 7.7 million                                   | --   |
| Michigan       | 358,489                          | 14.0 million                                  | --   |
| Minnesota      | 165,014                          | 7.3 million                                   | 2,766,931,000  |
| Mississippi    | 61,188                           | 4.4 million                                   | --   |
| Missouri       | 178,738                          | 8.5 million                                   | 1,220,178,000  |
| Montana        | 60,929                           | 1.4 million                                   | 18,898,000   |
| Nebraska       | 70,937                           | 2.5 million                                   | 371,983,000  |
| Nevada         | 60,106                           | 2.7 million                                   | 466,421,000  |
| New Hampshire  | 32,455                           | 1.9 million                                   | --   |
| New Jersey     | 191,008                          | 11.1 million                                  | --   |
| New Mexico     | 81,236                           | 2.6 million                                   | 64,975,000   |
| New York       | 274,087                          | 15.7 million                                  | --   |
| North Carolina | 215,062                          | 11.6 million                                  | 1,795,000  |
| North Dakota   | 34,342                           | 1.0 million                                   | 105,022,000  |
| Ohio           | 290,084                          | 14.2 million                                  | 1,916,299,000  |
| Oklahoma       | 110,714                          | 4.9 million                                   | --   |
| Oregon         | 175,899                          | 4.2 million                                   | --   |
| Pennsylvania   | 269,444                          | 14.1 million                                  | --   |
| Rhode Island   | 18,822                           | 1.1 million                                   | --   |
| South Carolina | 94,221                           | 6.4 million                                   | --   |
| South Dakota   | 44,970                           | 1.2 million                                   | 239,001,000  |
| Tennessee      | 145,618                          | 8.3 million                                   | --   |
| Texas          | 748,278                          | 30.9 million                                  | 332,940,000  |
| Utah           | 91,890                           | 2.8 million                                   | --   |
| Vermont        | 17,831                           | 900,000                                       | --   |
| Virginia       | 188,915                          | 18.7 million                                  | 32,000   |
| Washington     | 183,403                          | 7.4 million                                   | 4,785,000  |
| West Virginia  | 48,677                           | 2.2 million                                   | 12,660,000   |
| Wisconsin      | 176,606                          | 6.9 million                                   | 1,085,639,000  |
| Wyoming        | 40,377                           | 900,000                                       | --   |

SOURCES: \*Auto Alliance Driving Innovation, 2005 R.L. Polk and Company; \*\*Energy Information Administration, U.S. Department of Energy

\*\*\*Renewable Fuels Association, 2006.